

Upstream Dialogue



Employee Perspectives

Joy Romero is one of several oil sands employees spreading the word about performance improvement and innovation in Canada's petroleum industry via CAPP's communications initiative. ***"We don't want to bring one more drop of water on-site than we need to."***

► Learn more about Joy and her role working in Canada's oil sands.

CAPP Events & Updates

Newfoundland and Labrador Oil & Gas Week
February 26 – March 4, 2011 St John's, NL

Responsible Canadian Energy Awards
(formerly the Steward of Excellence Awards)
March 23, 2011 Calgary, AB

National Buyer/Seller Forum
March 29 – 31, 2011 Edmonton, AB

Environmental Issues Seminar
Fall 2011 Calgary, AB

Energy in Action 2011
May 2 – 27, 2011 Western Canada

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Felipe Calderón, President of Mexico, speaks at COP16.

CAPP attends Cancun climate conference

In December CAPP and several member company representatives attended COP16, the United Nations Climate Change Conference in Cancun, Mexico.

While not being part of the official Canadian delegation, CAPP attended affiliated meetings and events to discuss issues with other attending government representatives and media.

CAPP's focus at COP16 was on three areas:

- To encourage improved understanding of the Canadian oil and gas sector in the context of the "3Es" – environmental performance, economic growth and energy security and reliability;
- To provide information with regard to GHG emissions from the Canadian oil

and gas sector and the measures that are being taken to improve GHG and broader environmental performance from the oil sands and from the Canadian oil and gas sector; and,

- To encourage a balanced approach to climate policy that maintains Canada's competitiveness and is not discriminatory toward oil sands or the Canadian oil and gas sector.

Progress resulting from the conference was modest and no new provisions were implemented that will substantively impact the Canadian oil and gas sector. There is continuing movement toward broadening the countries included in the Copenhagen agreement. Most of progress in the Cancun agreement was related

to further clarification of the provisions in the Copenhagen Agreement related to financial and technology agreements to facilitate climate change action in the developing world.

- Learn more about [COP16](#).
- Learn more about [our industry's position on climate issues](#).
- Read a recent report by The Canadian Council of Chief Executives, [Clean Growth 2.0: How Canada Can Be a Leader in Energy and Environmental Innovation](#), that outlines five priority actions that would put Canada on the road to global energy and environmental leadership. The report's key recommendations are well-aligned with the interests of the oil and gas sector.

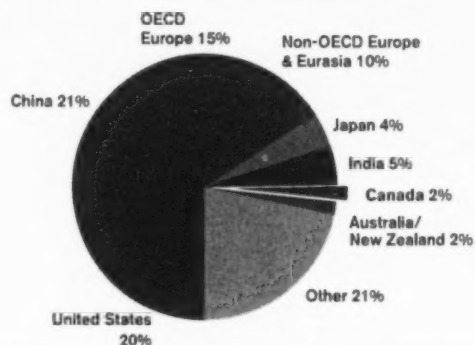
CAPP on Climate

Our world needs energy and Canada is uniquely positioned to provide it -- responsibly and reliably. Oil and gas will continue to play a significant role in the global energy supply mix.

CAPP on Climate provides facts on Canada's oil and gas industry's GHG emissions and perspective on the energy, environment and economy balance.

- Access [CAPP on Climate](#) (publication updated December 2010)

Global Energy Related Emissions by Region - 2007



Source: U.S. Energy Information Administration

News Highlights

Alberta to better integrate oil and gas policy and regulatory system:

Regulatory Enhancement Task Force delivers report to government

January 28, 2011, Government of Alberta news release

- Read this [news release](#) announcing the Regulatory Enhancement Program, the second phase of work emerging from the Alberta Competitiveness Review.
- Read Calgary Herald article, [Alberta aims to speed approvals for energy projects](#), by Shawn Polczer (January 28, 2011)

Oil Sands Companies Set New Direction for Tailings Research

December 13, 2010, Collaborative news release from seven CAPP member companies.

- Read this [news release](#) announcing the collaboration of seven oil sands producers to advance tailings management.
- Read Globe and Mail article, [Oil companies finalize pact to share tailings research](#), by Nathan Vanderkilpe, (December 13, 2010).

TransCanada moves to halt 'death spiral' in gas shipments

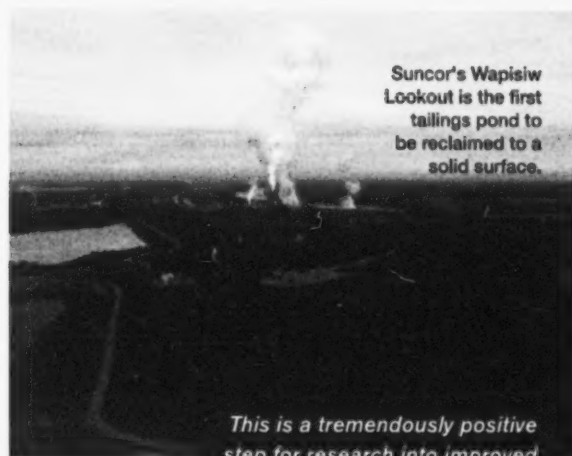
December 9, 2010, The Globe and Mail

- Read this [article by Nathan Vanderkilpe](#) that reports TransCanada's proposed pipeline toll changes.
- Read TransCanada's news release, [TransCanada Files 2011 Mainline and Alberta System Interim Tolls](#), (December 9, 2010).

Environmental and Health Impacts of Canada's Oil Sands Industry

December 2010, The Royal Society of Canada

- In November 2009, the Royal Society of Canada (RSC), The Academies of Arts, Humanities and Sciences of Canada commissioned an expert panel to address environmental and human health impacts of Canada's oil sands industry. On December 15, 2010, the RSC released the completed report. [Access the report](#).
- Read Globe and Mail article, [Oil sands report criticizes all stakeholders](#), by Josh Wingrove (December 15, 2010).



Suncor's Wapisiw Lookout is the first tailings pond to be reclaimed to a solid surface.

This is a tremendously positive step for research into improved technology for managing tailings. These companies are to be congratulated for their foresight and willingness to work together in this way.

— Dr. David Lynch,
Dean of the Faculty of Engineering
University of Alberta

(RE: Tailings management collaboration)

MYTH vs FACT

Canada's oil sands are often the subject of scrutiny and misinformation. The recent Royal Society of Canada report, *Environmental and Health Impacts of Canada's Oil Sands Industry*, is a credible, third party report that provides a balanced view on oil sands issues – discrediting many oil sands myths while drawing attention to real challenges.

COMMON MYTH

The oil sands are Canada's largest emitter of GHG emissions.

FACT

In the national context, the oil sands industry in total is not the largest emitter in Canada for any air pollutant, nor will it become the largest emitter in any category under any foreseeable expansion scenario. ([RSC Report, Executive Summary, Page 4](#))

Land disturbed by oil sands can not be effectively reclaimed.

...research to date indicates that there is a high potential for successful reclamation of upland ecosystems from soil and vegetation perspectives. ([RSC Report, Executive Summary, Page 4](#))

Canada's oil sands industry is the most destructive project on earth.

...claims of global supremacy for oil sands environmental impacts do not accord with any credible quantitative evidence of environmental damage. ([RSC Report, Executive Summary, Page 14](#))

Oil sands development causes serious human health effects in regional communities.

Environmental contaminants at current levels of exposure are unlikely to cause major health impacts for the general population. Projected additional emissions from expanded operations are not likely to change this expectation. ([RSC Report, Executive Summary, Page 12](#))

The Responsible Canadian Energy™ Awards (formerly the Steward of Excellence Awards) is an annual event to recognize CAPP members who have demonstrated exceptional performance in their commitment to the responsible development of Canada's petroleum resources.

For tickets, or for more information contact
Rachel Turner at rachel.turner@capp.ca

Check out last year's award nominees at capp.ca/RCE

March 23, 2011
5:30 pm to 9:00 pm
Calgary Hyatt Regency
700 Centre Street SE,
Calgary, Alberta
T2G 5P6

CAPP CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

Industry in the News *continued*

Advertising Standards Canada Rules CAPP Ad Not Misleading

November 30, 2010, CAPP News Release

- Read the [CAPP news release](#) about the Advertising Standards Canada (ASC) recent ruling that a Canadian Association of Petroleum Producers' TV ad highlighting environmental performance is not misleading. Earlier this year the activist group, Sierra Club, complained to the Advertising Standards Canada (ASC) about CAPP's use of 'essentially like yoghurt' in a TV advertisement about tailings pond reclamation. CAPP used the reference to yoghurt to describe the consistency of oil sands tailings material.
- Read Globe and Mail article, [Oil patch yogurt ad not misleading, council says](#), by Nathan Vanderklippe.



Despite the ASC ruling that the ad is not misleading, CAPP removed the reference to yogurt to avoid any potential misunderstanding.

- Watch [the ad featuring Shelly Powell from Suncor Energy](#). ►

Oil Sands 2020: A Public Debate

November 24, 2010, CBC Radio, The Homestretch

- Chris Seasons, Devon Canada CEO and CAPP Chair, Jennifer Grant, Oil Sands Program Director with the Pembina Institute and David Keith, Canada Research Chair in Energy and the Environment, University of Calgary came together in downtown Calgary to debate the future of Canada's oil sands. [Listen to the debate](#).

Oil sands debate: Ezra Levant vs. Andrew Nikiforuk

November 8, 2010, Plaza Theatre Calgary

- Watch a [video of the debate](#) between Ezra Levant, author of *Ethical Oil*, and environmental journalist Andrew Nikiforuk.

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MARCH 29-31, 2011 | EDMONTON, AB

www.nationalbuyersellerforum.ca

A proud spokesperson

Name: Joy Romero

Title: VP Bitumen Processing Technology Development, Horizon Oil Sands

Company: Canadian Natural Resources Limited (Canadian Natural)

Location: Fort McMurray, Alberta

Years of Experience: 30

Best part of the job: "The sense of humour and dedication of the people I work with – they make coming to work a pleasurable experience."

Success Story: Being part of the team that designed, built and is now operating the Horizon Oil Sands facility.



Over the course of the summer you probably saw Joy Romero around quite a bit; maybe on the television screen in your living room.

The Canadian Natural VP is one of 10 oil sands employees featured in a series of advertisements appearing across Canada, highlighting innovations and industry performance in Canada's oil sands. The ads are one element of CAPP's ongoing oil sands performance and communications initiative.



80 – 95%

Oil sands producers recycle
80 – 95% of water used.

Source: Alberta Environment

"It was a real privilege to be a part of the initiative, it's very humbling and it's so important for us to get the message out," Joy says of her ad which focused on Canadian Natural's use of recycled water.

By using waste carbon dioxide (CO₂) to change the pH of the tailings ponds at Horizon, Canadian Natural is speeding up the settling process which leaves clearer water to be recycled immediately in the bitumen extraction process.

In the next phase of Horizon, Canadian Natural will try another new tailings treatment process that uses cyclones to remove water from the coarse sand, and thickeners to remove the water for reuse from the fine clays, silts and sand.

In the TV ad, Joy tells the viewer that Canadian Natural doesn't want to bring one drop more of water on-site than it has to, and it uses the same water over and over again. She says speaking out will help deal with the negative perception of oil sands.

"I am very proud to be a spokesperson for our industry because I believe in what we do."

"I find negative industry perceptions really discouraging when we do such a good job," she says. "We are trying to help people understand what we are doing and guide them to facts so they can make informed decisions about oil sands operations."

Around Fort McMurray, the ads have caused some people to stop Joy to say they've seen her on TV. "At work I tease the guys and say do you want my

autograph? And they say 'yes, approve this!'" Joy says with a giggle.

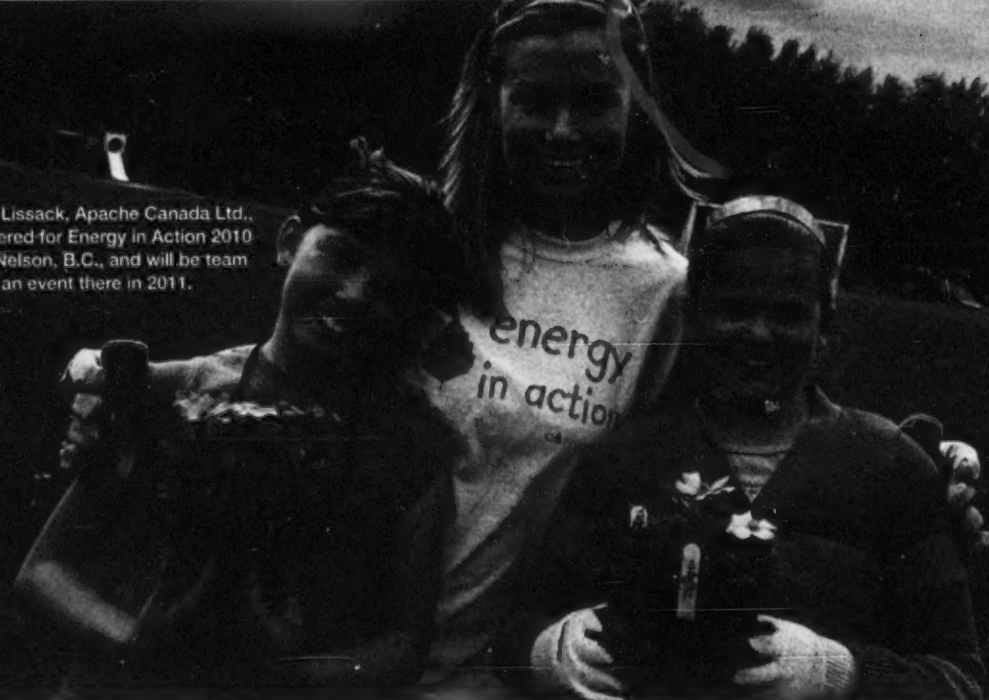
Being able to laugh on the job is important to Joy and her colleagues. "I have been on this project for almost ten

years now. It's been really something to see a project through from the very beginning, when it was just an idea, to a facility that produces 110,000 barrels of bitumen a day."

► Learn more about [CAPP's ongoing oil sands performance and communications initiative](#).

► Learn more about [Canadian Natural's Horizon Oil Sands](#).

Justine Lissack, Apache Canada Ltd., volunteered for Energy in Action 2010 in Fort Nelson, B.C., and will be team leading an event there in 2011.



Relationships Behind the Resource

Energy in Action 2011 communities announced

From **May 3 to May 31**, school children in 10 communities across Western Canada will join industry for Energy in Action 2011.

Energy in Action is a hands-on, educational program that teaches students about oil and gas resources and the importance of environmental stewardship. One-day events in each community include interactive classroom sessions and custom environmental renewal projects – like turning a worn out patch of schoolyard into a natural learning space or working with local environmental

groups on a community greening project.

"It's a great way for us to work positively with the community toward common goals and interests and to leave a legacy piece behind."

– Jason Veness, Enerplus, 2008 - 2010 Energy in Action Team Lead (formerly with ConocoPhillips)


Energy in Action is an excellent opportunity for CAPP member companies to demonstrate their commitment to Responsible Canadian Energy and engage with people who live in the communities where we operate.

► Get involved with Energy in Action, contact Laura Perry at (403) 267-1143 or laura.perry@capp.ca

► Watch a video to learn more about [Energy in Action](#).

► Follow Energy in Action 2011 on [Twitter](#).



Energy 
in Action

2011 communities

Fort Nelson, BC
Dawson Creek, BC
Farmington, BC
Janvier, AB
Conklin, AB
Cold Lake, AB
Iron River, AB
Edson, AB
Maple Creek SK
Oxbow, SK

Building Perspective— New York media tours oil sands

Whether Hollywood movie moguls, sundry political figures, media, or common folks exploring Alberta, the oil sands region is a magnet for people who make it their business to better understand this vital and complex aspect of the Canadian oil and gas industry. Indeed, Travel Alberta notes the Fort McMurray tourism bureau reported an increase in business in 2010, including a doubling of people wanting to tour the oil sands. Industry players provided hundreds of tours to a diversity of interests [► sidebar].

The fact is, when people visit the oil sands and gain a personal perspective on what is happening in the region they come away with a more balanced view and an appreciation of the scope of work being accomplished. For instance, Oscar winning movie director James Cameron visited the oil sands this past fall and while noting challenges remain, he recognized the accomplishments of the industry and went so far as to refer to the role Canadian oil sands plays in North American energy security as “cool” in Time Magazine. Also noting “it needs to be done right”. A philosophy CAPP agrees with.

We welcome opportunities to show people oil sands development is being done right and that it continues to improve.

To that end, CAPP and members Suncor and Cenovus hosted a group of journalists from New York State on an oil sands tour in November. The tour was co-sponsored by the Canadian Department of Foreign Affairs and International Trade in New York and is part of an on-going effort by government and industry to build knowledge in key audiences of oil sands development and economic and environmental performance.

The group toured Suncor's mine site and Cenovus's Christina Lake in situ project and had opportunity to engage with community leaders from Fort McMurray and Lac La Biche. Prior to travelling to the oil sands, the tour also engaged in interviews with CAPP, the ERCB and the Alberta Government, and toured Shell's Research Centre in Calgary.

Comprehensive tours like this one allow industry to showcase its activities and provide a solid base of knowledge for objective thought and discussion on oil sands.

► Read Time Magazine article, [Q&A: Avatar Director James Cameron on Oil Sands and Environmentalism](#), by Bryan Walsh.

► Learn more about the [Canadian Department of Foreign Affairs and International Trade](#).



Have you toured the oil sands?

You've seen the photos. Now, explore the facts behind the mines and wells.

Learn what the oil sands are and how they're developed as well as what's being done to protect the environment, pioneer technology, reclaim land, engage communities, and provide economic opportunities.

Watch *Canada's Oil Sands: Come see for yourself*

International journalists and representatives from the Canadian Department of Foreign Affairs and International Trade tour the oil sands in November 2010.

Touring the oil sands

The Canadian oil sands industry strives to provide organized access to facilities on a regular basis. Tours require significant resources to organize, ensure safety of participants, and mitigate operational concerns and slow-downs at these large-scale industrial facilities.

► For more information on public oil sands tours, contact [Fort McMurray Tourism](#).

Responsible Canadian Energy™: Oil Sands Progress Report

For the year ended December 31, 2009

Responsible Canadian Energy™ is an association-wide performance reporting program designed to track progress of the CAPP membership, which represents more than 90 per cent of the oil and gas produced within Canada, in environmental, health and safety, and social performance.

The Responsible Canadian Energy™ Oil Sands Progress Report provides an in-depth look at Canada's oil sands – one of our country's greatest natural resources and a vital source of secure energy and economic stability for Canada and the world. This report has been produced in conjunction with the Responsible Canadian Energy Progress Report for the year ended December 31, 2009. This report on overall oil and gas industry performance in 2009, will be available early 2011.

- Access the [Responsible Canadian Energy™ Oil Sands Progress Report](#).
- Learn more about the [Responsible Canadian Energy™ program](#).



« The challenge we have is to advance oil sands development to provide jobs, economic benefits and secure and reliable energy supply, while at the same time continuing to ensure responsible environmental and social outcomes. »

Dave Collyer,
CAPP President



: ENVIRONMENT

: HEALTH & SAFETY

: SOCIAL

Offshore Training and Qualifications Standard Practice

CAPP has published the 2010 Atlantic Canada Offshore Petroleum Industry Standard Practice for the Training and Qualifications of Personnel. The update replaces the 2008 version of the Standard Practice.

The update reflects several changes in training requirements related to basic survival training, a new MedEvac training course and clarification of scaffolding training requirements, among others.

A presentation has been released with the publication that outlines the major changes in the 2010 version. The Standard Practice is the culmination of a joint effort among the offshore industry operators, drilling contractors and regulatory authorities to produce a document outlining the minimum qualifications and certificated safety training required of individuals working in Atlantic Canada's offshore petroleum

industry. The requirements have been made sufficiently broad to allow their application to each type of installation likely to operate in Canada's Atlantic Canada offshore areas.

- Access the [2010 Atlantic Canada Offshore Petroleum Industry Standard Practice for the Training and Qualifications of Personnel](#).

AB well-spacing changes

As part of the Alberta Energy Resources Conservation Board's (ERCB) efforts to streamline and improve its requirements, the regulator is proposing four changes to the well-spacing framework for conventional and unconventional oil and gas reservoirs in the province.

The ERCB is asking for feedback from the industry on the following four proposed changes:

1. Remove well-density controls for coal bed methane (CBM) – including coal seams with interbedded thin sands – and shale gas reservoirs throughout the province and for all gas zones to the base of the Colorado Group in certain areas.
2. Increase baseline well densities from one well per pool per standard drilling spacing unit (DSU) to two wells per pool per standard DSU for conventional gas reservoirs across the province.
3. Standardize target areas for standard DSU's across Alberta. All target areas will be centered 150 metres from the boundaries of the DSU for gas, and 100 metres from the boundaries of the DSU for oil.
4. Streamline the regulations with respect to well spacing applications and changes to target areas.

CAPP is gathering feedback from industry about the proposed changes and will submit a position to the ERCB.

► Learn more about the proposed [well-spacing changes](#).



Addition to Directive 056

The Alberta Energy Resources and Conservation Board (ERCB) has added an appendix to an existing directive that governs oil and gas development within 100 metres of water bodies. The province was considering drafting a new directive but concluded adding the appendix to "Directive 056: Energy Development Applications and Schedules" was sufficient to address the issue.

The ERCB is considering feedback from various stakeholders and will facilitate further dialogue. CAPP has reviewed the appendix and will provide comments reflecting the industry position.

► Read [ERCB Directive 056: Energy Development Applications and Schedules, Appendix 14 Oil and Gas Development In or Within 100 m of Water Bodies](#).

In situ application process streamlined

Alberta's Energy Resources Conservation Board (ERCB) has streamlined the process for in situ oil sands operators to file amendments to the regulatory body.

Typically, in situ projects take many years to build and will operate for several decades. Over that period of time, technology develops and the operator gains experience, factors which can require amendments to the project's original regulatory approvals.

The new, streamlined process for filing applications for amendments - Directive 078: Regulatory Application Process for Modifications to Commercial In Situ Oil Sands Projects – creates three different regulatory categories of amendments:

1. Relatively simple modifications;
2. Modifications that could affect resource conservation and/or involve significant process modifications, but aren't expected to adversely alter the environmental and socioeconomic impacts in the original or amended project application;
3. Modifications that may result in changes to environmental and/or socioeconomic impacts assessed in the original or amended project applications.

The new process also requires operators consult stakeholders on any amendments that have the potential for adverse public impact.

► Read [Directive 078: Regulatory Application Process for Modifications to Commercial In Situ Oil Sands Projects](#).

Regulatory Alignment Project results

In an effort to make the regulatory system in Alberta more efficient and effective, the Alberta government initiated the Regulatory Alignment Project (RAP) two years ago, as part of the overall Regulatory Enhancement Project (REP) aimed at improving the regulatory system.

RAP has made changes aimed at improving the operational component of the regulatory system. Changes include:

- Introduction of the Upstream Oil and Gas Authorizations and Consultation Guide that lists approvals, licences, dispositions, permits and registrations required for conventional and unconventional oil and gas activities, including in-situ oil sands but not including mineable oil sands projects. This new reference tool focuses on authorizations needed before

construction and operations at project closure (it doesn't cover information reporting, inspections and monitoring);

- New reporting contacts for CAPP to access oil and gas well information;
 - New procedures to increase coordination of regulatory processes between the Alberta Energy Resources Conservation Board (ERCB) and Alberta Sustainable Resource Development (SRD) when a First Nation files a concern or objection over adequacy of consultation;
 - A cross-training program for Alberta regulator inspectors;
 - New in situ oil sands regulatory procedures including three recommended meetings between regulators and proponents and modified approval templates and administrative processes.
- Download the [Upstream Oil and Gas Authorizations and Consultation Guide](#).
- Learn more about [Alberta's Regulatory Enhancement Project](#).



Consultation procedures online

Sustainable Resource Development has implemented a province-wide procedure to facilitate application of the Government of Alberta's First Nations Consultation Policy and Guidelines on Land Management and Resource Development.

- Access the [First Nations consultation procedures](#).

ERCB enhancing role in tech development

As more technology is developed in the oil and gas industry, Alberta's Energy Resources Conservation Board (ERCB) is speeding up its process for reviewing, deploying and integrating new technologies into the regulatory framework.

The ERCB doesn't mandate which technologies to use, but it does assess innovations against guidelines for public safety, environmental stewardship and resource conservation.

In Bulletin 2010-44: Enhancing the ERCB Role in Energy Technology Development, the ERCB outlines how it will accelerate the demonstration and deployment of new technologies:

- Collaborate with government and not-for-profits to assess the technical validity and commercial viability of innovative technology;
 - Develop a process to review, identify, and mitigate risks relating to public safety, environmental standards and resource conservation;
 - Provide advice to industry and government on how new technology may impact ERCB regulations;
 - Make ERCB's Chief Operations Engineer the contact for external parties and proponents of innovative technology;
 - Re-examine the scope and scale of what qualifies as an ERCB experimental or pilot approval;
 - Review confidentiality requirements and time frames;
 - Review requirements encouraging responsible innovation in technology and define desired outcomes and monitoring criteria to mitigate potential risks of development and implementation.
- Access Bulletin 2010-44: [Enhancing the ERCB Role in Energy Technology Development](#).

Canadian Association of Petroleum Producers (CAPP)

The Canadian Association of Petroleum Producers (CAPP) represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce more than 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a national industry with revenues of about \$100 billion-a-year.

If you would like to receive this newsletter directly from CAPP, email your request to upstreamdialogue@capp.ca.

2100, 350 – 7 Avenue SW
Calgary, Alberta
Canada T2P 3N9
Telephone: 403.267.1100
Fax: 403.261.4622

403, 235 Water Street
St. John's, Newfoundland and Labrador
Canada A1C 1B6
Telephone: 709.724.4200
Fax: 709.724.4225



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